

MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Tuesday, March 27, 2018 at 2:00 p.m.
Steinberg Conference Room, Suite 1700
1325 J Street, 17th Floor
Sacramento, California 95814

Chair Panorea Avdis called the meeting of the California Infrastructure and Economic Development Bank (IBank) Board to order at approximately 2:00 p.m.

1. Call to Order and Roll Call

The following Board members were in attendance:

Chair, Panorea Avdis for the Governor's Office of Business and Economic Development

Augustine Jimenez for the Secretary of the California State Transportation Agency,
Steve Juarez for the State Treasurer's Office,

Kari Krogseng for the Director of the Department of Finance, and
Peter Luchetti, Governor's Appointee

IBank staff members in attendance were
Teveia Barnes and William Pahland

Information Item

2. Executive Director's Report

Executive Director Teveia Barnes started the Report by introducing two new IBank employees: Megan Hodapp, a Loan Servicing Analyst, and Yana Buryak, a Small Business Finance Center Analyst. The Board welcomed Megan and Yana.

Ms. Barnes then turned over the floor to Emily Burgos, Small Business Finance Center Manager, who provided an update on the Jump Start program. She noted that 2 new loans had been made in the past month and provided a breakdown of the loans and the borrowers, an ice cream shop and a veterinary service. Ms. Burgos concluded by noting that 15 new individuals had received 65 hours of technical assistance, bringing the totals to 130 individuals provided with 353 hours of technical assistance. Chair Avdis asked about the geographical location of the loans, and Ms. Burgos answered Sacramento and Fresno. Ms. Barnes asked about the diversity of the borrowers, and Ms. Burgos was happy to report that one of the borrowers was a female veteran.

Ms. Barnes then provided the Board with a brief reminder of the upcoming deadline to file Form 700. Mr. Jimenez confirmed for the Board that both an electronic filing and a paper filing of Form 700 were required. Mr. Luchetti thanked Mr. Jimenez. General Counsel William Pahland explained the source of the obligation. Ms. Barnes confirmed that IBank would be able to print copies of the electronic filings if additional paper copies were not separately provided.

Consent Item

3. Approve minutes from the meeting held on February 27, 2018

Chair Avdis asked for comment on the Minutes from the Board or the public. Hearing none, Mr. Juarez made a motion to approve the Minutes and Ms. Krogseng seconded. Mr. Pahland briefly explained IBank's process for voting on Minutes after consultation with the Board member who was present. Mr. Luchetti and Mr. Jimenez abstained from the vote as they were not present. The remaining Board members voted unanimously to approve the February 27, 2018 Board Meeting Minutes.

Action Items

4. Resolution No. 18-02 approving lending Infrastructure State Revolving Fund Program funds to the 22nd District Agricultural Association in an amount not to exceed \$18,500,000 to finance an eligible project known as the Concert Venue and Environmental Remediation Project located in the City of Del Mar.

Ms. Robin Root, Municipal Finance Specialist, introduced Resolution No. 18-02. Ms. Root then introduced Mr. Russ Penniman, former President of the Board of the 22nd District, who then introduced the other borrower representatives: Mr. Tim Fennell (CEO and General Manager, 22nd District), Rita Walz (CFO, 22nd District), Gary Reist (Deputy General Manager, 22nd District), and Kevin Civale (Bond Counsel, Stradling Yocca Carlson & Rauth). Mr. Penniman introduced the project, its background, operations at the Del Mar Fairgrounds and discussed the expected results. Mr. Reist then presented a short video on the project, discussed the various and expanded uses expected from the new facility, and noted the project's economic impact. Chair Avdis thanked Mr. Penniman both for the presentation and for appearing at the February Board meeting to answer questions and then opened the discussion for Board questions.

Mr. Juarez began by thanking Mr. Penniman for his appearances and for the detailed answers to the questions Mr. Juarez posed at the February Board meeting. Mr. Juarez then praised the analysis in the Staff Report and noted he now had a much better understanding of the project, the analysis and the financing. Mr. Luchetti also praised Ms. Root on the quality of the Staff Report and discussed with Ms. Root how the financial analysis of the project had treated betting facility revenues, including related cash flow projections. Mr. Luchetti then discussed the various and diversified uses of the Del Mar Fairgrounds as credit positives that help guard against the risks of a significant economic downturn. Mr. Penniman agreed and introduced Mr. Fennell to discuss the increased and more diversified usage of the Fairgrounds and the improved financial condition of the 22nd District. Mr. Fennell noted that a more diversified economic base meant new concert and event revenues could offset declines in other revenue sources, while also creating new cross-promotional opportunities. Mr. Jimenez concluded by noting the quality of both the February Board minutes and the Staff Report, explaining that the minutes clearly articulated the concerns of the Board which were then comprehensively addressed in the Staff Report. Mr. Juarez agreed with Mr. Jimenez. Mr. Jimenez also praised the quality of the 22nd District's feasibility study.

Chair Avdis thanked Mr. Penniman and the 22nd District representatives. After asking for and hearing no public comment, Mr. Jimenez moved to vote, which was seconded by Mr. Juarez. The Board voted unanimously to pass Resolution 18-02.

Mr. Penniman concluded by thanking IBank staff and Ms. Root in particular for excellent service and responsiveness.

5. Resolution No. 18-04 approving lending Infrastructure State Revolving Fund Program funds to the Placentia Library District of Orange County in an amount not

to exceed \$1,200,000 to finance an eligible project known as the Library Facility Improvement Measures located in the City of Placentia.

Ms. Robin Root, Municipal Finance Specialist, introduced Resolution No. 18-04. Ms. Root then introduced the borrower representatives: Ms. Jeanette Contreras, Library Director, and Timothy Hino, Business Manager. Chair Avdis thanked Ms. Contreras and Mr. Hino for attending. Ms. Contreras responded by thanking the Board for their consideration and thanking Ms. Root and IBank team for their assistance and service.

Chair Avdis opened the discussion for Board questions. Mr. Juarez began by discussing IBank's interest rate setting process with Ms. Barnes. Mr. Jimenez then asked whether the project was undertaken for purposes of regulatory compliance or for the District's own purposes. Ms. Contreras responded that this project resulted from the District's own facilities modernization efforts and would result in increased efficiency as well as opening up new space for the District's "library of things" (such as sewing machines) collection. Chair Avdis asked about the source of the District's finances. Ms. Contreras answered that approximately 90% of the funding came from property taxes with the remainder a collection of state and federal grants and other funds. Mr. Luchetti asked how the District decided the collateral should be the "common areas" of the library. Ms. Root answered that as IBank did not want to over-encumber the asset, it based the collateral on a square footage calculation relative to the loan value. This calculation suggested that the "common areas" were sufficient (and not excessive) collateral. Mr. Pahland then briefly discussed California constitutional debt limits and how lease transactions were structured to fit within these limits. Mr. Luchetti thanked Mr. Pahland.

Chair Avdis asked for any further Board questions or public comment. Hearing none, Ms. Krogseng moved to vote, which was seconded by Mr. Jimenez. The Board voted unanimously to pass Resolution 18-04.

Reporting/Non-Action Business

There was no further items of importance to discuss.

Public Comment

Chair Avdis asked if there were any questions or comments from the public and there were none.

Adjournment

Chair Avdis declared the meeting adjourned at approximately 2:44 p.m.